

JANUARY 2021

HOMES FOR LIFE HOUSING PARTNERSHIP

ANNUAL RENT CONSULTATION 2021-22

HAVE YOUR SAY!

Each year we consult our tenants on the proposed rent increase for the next financial year. This means your rent is changing in April 2021.

We do this is because the Housing (Scotland) Act 2001, gives tenants the right to be consulted on proposed rent increases and we must take account of tenants' opinions. Homes for Life Board will make a final decision on the rent increase at their Board meeting in February 2021.

Your rental income provides the majority of funding that supports us to manage and maintain your home. Your feedback is important to us and we would like to know your views on our proposed increase.

Simply complete and return your feedback form and you will be entered in to the prize draw to win one of six **£50 high street vouchers**. To be entered your survey must be returned to us by the 27th January 2021.

ENTER TO WIN

RENT INCREASE PROPOSAL 2021-22

By the end of March 2021 the financial budgets for the year ahead need to be set and agreed by the Board. In setting the budgets all anticipated income and expenditure for the year must be taken into consideration.

What we consider when calculating the rent increase:

- Service delivery
- Future planned/cyclical maintenance programmes
- Energy Efficiency & Health & Safety
- Affordability
- Business Planning
- Financial viability & Sustainability
- Economic & Inflationary pressures

To ensure we continue to fulfil our strategic objectives and deliver services we propose an annual rent increase of **1.0%** from April 2021, this is an average increase of £3.86 per month.

For customers residing in one of our 19 ex East Lothian Council properties whose rents have not yet converged, there will be no an additional rent convergence premium applied this year. This means you will only see an overall increase of 1.0% in your annual rent. Additional rent increases will need to be considered again from April 2022 until convergence is achieved.

HOW DOES THE PROPOSED INCREASE OF 1.0% LOOK FOR YOU

Property Size	Number of Units	Current Average Weekly Rent	New Average Weekly Rent after 1.0%	Average Increase on Weekly Rent	Average Increase on Monthly Rent
1 Bed Flat /1 apt	9	£76.27	£77.03	£0.76	£3.31
1 Bed Flat /2 apt	88	£81.78	£82.59	£0.82	£3.54
1 Bed House /2 apt	16	£83.27	£84.11	£0.83	£3.61
2 Bed Flat / 3 apt	62	£89.83	£90.73	£0.90	£3.89
2 Bed House / 3 apt	55	£94.83	£95.78	£0.95	£4.11
3 Bed House / 4 apt	44	£99.58	£100.57	£1.00	£4.32

SERVICE DELIVERY

The cost for service delivery includes the cost of staff delivering services, office running costs and utilities, professional services (legal advice, financial services, surveying and other fees), insurance for Homes for Life Housing Partnership stock and a range of other day to day running costs.

PLANNED/CYCLICAL MAINTENANCE & ENERGY EFFICIENCY AND HEALTH & SAFETY

We plan to spend around £1.5m in 2021/22 on planned and cyclical maintenance. This includes external paint work, fire detection upgrades, replacement kitchens, boilers and necessary energy efficiency improvements. This includes work carried over which could not be completed this year as a result of Covid.

AFFORDABILITY

We calculate the affordability of our rents using the Scottish Federation of Housing Associations (SFHA) test: *“an affordable rent should be no more than 25% of the net household income”*.

The below results suggest the affordability threshold is breached for single person households in one bedroomed properties, though we recognise rents may present affordability challenges for some other households.

Homes for Life’s Affordability at 1.0% increase

Household Type	Number of bedrooms	% of moderate income spent on rent	Assumed weekly income left after rent per week
Single person	1	25.8%	£238.30
Couple	1	12.9%	£558.15
Pensioner couple	1	17.2%	£398.22
Single pensioner	1	23.4%	£270.29
Single parent +1 child	2	22.4%	£323.63
Single parent + 2 children	2	18.2%	£419.58
Small family + 2 children	2	13.9%	£578.59
Small family + 2 children	3	14.8%	£572.11
Small family + 3 children	3	13.0%	£668.06

(The above SFHA calculation uses the UK moderate income reported by the Office of National Statistics and the calculation takes into consideration our local authority area.)

Previous years annual rent increase comparison

	2017-18	2018-19	2019-20	2020-21
HFL Rent Increase	2.00%	3.00%	3.00%	2.25%
Average Local RSL Rent Increase	3.30%	3.70%	3.70%	3.10%
Scottish RSL Average Rent Increase	3.20%	3.00%	2.50%	2.48%

(Increases rounded to nearest decimal place. Source SHR published data.)

BUSINESS PLANNING, FINANCIAL VIABILITY & SUSTAINABILITY

Our aim is to continue to provide good value for money to our tenants and make improvements in service provision where dissatisfaction has been identified.

Maintenance materials and labours costs are also likely to increase 'result of' pressures including Brexit and Covid.

ECONOMIC & INFLATIONARY PRESSURES

We recognise a number of financial difficulties have be placed on tenants as a result of the coronavirus and welfare reform but we must be mindful of the economic uncertainty facing us all.

Inflation over the year to October 2020, as released mid November 2020, is reported at 0.7% (CPI) and 1.3% (RPI). Whilst reported inflation has since reduced, there is significant uncertainty over projected inflation for the year ahead, with potential adverse cost consequences from both Brexit and Covid. It would be prudent to make provisions for the year ahead, should inflation increase to the region of 1 -1.5%. The Board is considering a 1.0% rent increase proposal as striking a reasonable balance between recognising financial difficulties for tenants and making prudent provision for anticipated costs.

HELP WITH YOUR RENT PAYMENTS

You may be entitled to some help with your rent payments. If you are unsure if you qualify for universal credit, housing benefit or indeed any other benefit please contact the East Lothian Council Welfare Rights Team on 01620 827827. They can offer you free impartial and confidential advice and support.

HOW TO GET INVOLVED

Online Survey : Complete our survey online at www.homesforlife.co.uk/Consultations/144.htm

OR

Postal Survey : Complete the survey enclosed in this pack and return it using the pre-paid envelope provided.

(Only one survey per household will be accepted.)